

Message Text

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ACTION ARA-17

INFO OCT-01 ADP-00 SS-15 SY-10 SSO-00 CCO-00 RSR-01 RSC-01

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FM AMEMBASSY MANAGUA

TO SECSTATE WASHDC IMMEDIATE 1453

C O N F I D E N T I A L MANAGUA 2286

LIMDIS

E. O. 11652: GDS

TAGS: OVIP NU

SUBJECT: SECVISIT LA - MANAGUA

REF: WARNER/ LIPPE TELECON MAY 7, 1973

1. IN ACCORDANCE WITH DISCUSSION BETWEEN WARNER AND LIPPE
THE FOLLOWING REVISED SCHEDULE IS SUBMITTED FOR THE SECRETARY'S
APPROVAL.

12:00 ARRIVAL AT LAS MERCEDES AIRPORT. THE SECRETARY AND
HIS PARTY TO BE MET BY THE NICARAGUAN FONMIN,
GENERAL AND MRS SOMOZA, BY MY WIFE AND ME, AND
BY THE NINE US OFFICERS ON THE DIPLOMATIC LIST
AND THEIR WIVES.

12:05 APPROPRIATE HONORS AND REVIEW OF HONOR GUARD.

12:10 SECRETARY GOES TO VIP ROOM FOR ARRIVAL STATEMENT.

12:20 SECRETARY ACCCOMPANIED BY FONMIN AND AMBASSADOR
DEPART LAS MERCEDES AIRPORT. EN ROUTE TO OFFICES
OF NATIONAL GOVERNING COUNCIL THE PARTY WILL PASS
THROUGH THE MOST DEVASTATED AREAS OF THE CITY AND
STOP AT THE SITE OF THE DESTROYED US CHANCERY.

12:40 ARRIVE AT SITE OF FORMER US CHANCERY.

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12:42 THE SECRETARY, THE UNDER SECRETARY AND MR KUBITSCH
DEPART TO CALL ON THE NATIONAL GOVERNING COUNCIL.

12:42 MRS ROGERS, MRS CASEY AND MRS KUBITSCH LEAVE

TO GO DIRECTLY TO AMBASSADOR'S RESIDENCE.

12:45 THE SECRETARY, MR CASEY AND MR KUBITSCH ACCOMPANIED BY THE FONMIN AND AMBASSADOR CALL ON THE NATIONAL GOVERNING COUNCIL.

1:00 THE SECRETARY AND OTHERS DEPART FOR THE AMBASSADOR'S RESIDENCE.

1:10 ARRIVAL AT THE RESIDENCE.

1:30 LUNCHEON GUESTS ARRIVE. PROPOSE THAT THE SECRETARY, THE UNDER SECRETARY, AND MR KUBITSCH ANDATUS. THEREFORE, TO AGREE NOW TO PAYMENT OF MUNICIPAL TAXES SHOULD THE GOI DETERMINE THAT THEY SHOULD BE APPLIED IS NOT ACCEPTABLE. VERBAL REASSURANCES CONCERNING THE PRESENT GOI ATTITUDE ON ASSESSMENT OF MUNICIPAL TAXES AGAINST EDUCATIONAL INSTITUTIONS IS JUST NOT SUFFICIENT PROTECTION, PARTICULARLY SINCE CLAUSE 11(6) AS NOW PROPOSED WOULD CLEARLY OBLIGATE US TO PAY AT GOI DISCRETION MUNICIPAL AND OTHER TAXES.

3. RE PARA 1, ND 5154 AND PARA 1 ND 5191 PERTAINING ARTICLE 4(1) GOI- USG DEED OF TRANSFER, WE CANNOT AGREE THAT REFERENCE TO ONE YEAR TERMINATION IN THE ARTICLE IS ACCEPTABLE IN VIEW OF CONFLICT WITH TWO YEAR TERMINATION PROVISION IN ARTICLE 13 USG- GOI AGREEMENT. AT VERY LEAST THIS REPRESENTS INCONSISTENCY WHICH IS NOT EXPLAINABLE. WE ARE FRANKLY PUZZLED BY ITS OCCURRENCE HERE IN VIEW FACT THAT TERMINATION PROVISIONS OF AGREEMENT HAVE BEEN SUBJECT OF PREVIOUS LENGTHY NEGOTIATION. WE ASSUME GOI WILL AGREE THIS IS AN INCONSISTENCY IN OVERALL AGREEMENT AND SHOULD EITHER BE DROPPED OR CHANGED TO AGREE WITH TERMS OF GOI-USG NOTE EXCHANGE AGREEMENT. RE ND 5156, ULTIMATE PARA, SUGGESTED INCLUSION OF NEW CLAUSE BETWEEN CLAUSES III AND IV OF LEASE DEED APPEARS UNDERSCORE NECESSITY TO REMOVE REFERENCE TO GOI TERMINATION RIGHT ON ONE YEAR NOTICE.

4. RE ND 5154 AND PARA 2 ND 5191 REFERENCES TO PARA 4(1) GOI- USG DEED OF TRANSFER: DEPARTMENT HAS NOT BEEN PREVIOUSLY ADVISED OF, NOR CAN IT ACCEPT, PROPOSED GOI "OPTION" WHICH WOULD PERMIT TERMINATION OF LEASE WITHOUT REQUIREMENT OF COMPENSATION TO USG FOR BUILDINGS AND STRUCTURES. IF, FOR EXAMPLE, BUILDINGS AND STRUCTURES WERE COLLAPSIBLE, OR COULD BE EASILY REMOVED, AND MATERIALS WERE OF VALUE TO USG, AND THIS WAS USG OPTION, THEN THIS MIGHT BE ACCEPTABLE PROPOSITION. IN FACT, OF COURSE WE LIMITED OFFICIAL USE
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PRESUME COST OF DEMOLITION AND REMOVAL OF BUILDINGS WOULD BE SUBSTANTIAL, AND THERE WOULD BE NO REASONABLE USE FOR MATERIALS, SO THAT EFFECT OF THIS PROVISION WOULD BE TO

NEGATE SEPARATE PROVISION FOR COMPENSATION TO USG FOR BUILDINGS AND STRUCTURES IN EVENT GOI TERMINATED AGREEMENT AND LEASE. IN SUM, IT WOULD PERMIT GOI TO PUT USG IN POSITION OF DECLINING TO REMOVE STRUCTURES ON LAND, AND THEREFORE ALLOWING GOI TO ASSUME STRUCTURES WITHOUT PAYMENT TO USG. IN OUR VIEW, THIS IS INCOMPATIBLE WITH GOI NEGOTIATED AGREEMENT IN ART. 4(1) DEED OF TRANSFER TO USG TO PROVIDE COMPENSATION FOR STRUCTURES IN EVENT LEASE IS TERMINATED UNILATERALLY BY GOI. MOREOVER, WE SEE EFFECT OF PROPOSED GOI OPTION AS REMOVING FINANCIAL RESTRAINT BY GOI FROM EXERCISING TERMINATION RIGHTS WITHOUT SUBSTANTIAL REASON.

5. RE ND 5155, FIRST " WHEREAS" ARTICLE: WE NOTE LANGUAGE IS MORE RESTRICTIVE THAN LANGUAGE IN USG- GOI NOTE EXCHANGE AGREEMENT IN THAT REFERENCE TO NON- OFFICIAL AMERICANS IS EXCLUDED. TO BE CONSISTENT AND AVOID FUTURE PROBLEMS, THIS ARTICLE SHOULD REFER TO US EMPLOYEES USG MISSION, OTHER AMERICANS, AND CHILDREN OF OTHER NATIONALITIES.

6. RE ND 5155, AIS DEED TO GOI" DOCUMENT OF TRANSFER FROM AIS SHOULD REFER TO OVERALL USG- GOI AGREEMENT OR PROVIDE SPECIFIC REFERENCE TO SUBSEQUENT DEED OF TRANSFER FROM GOI TO USG, IN ORDER THAT IN NO/ NO EVENT SHOULD GOI ABLE TO CLAIM RIGHTS UNDER AIS TO GOI DEED IN FUTURE SHOULD GOI DEED TO USG FOR ANY REASON BE SUBSEQUENTLY QUESTIONED.

7. RE PARA 1, ND 5190, WE NOTE REFERENCE TO JANUARY 1991 REPEAT 1991. INITIAL THIRTY YEAR PERIOD WOULD EXPIRE AS INDICATED INITIAL DRAFT ARTICLE II(11) IN JANUARY 2003. THIS SHOULD BE CORRECTED TO PROVIDE OPERATIVE DATE IN 21 ST CENTURY.

8. RE ND 5156, ARTICLE III DRAFT LEASE: THIS ARTICLE IN OUR VIEW CLEARLY INAPPROPRIATE FOR GOVERNMENT TO GOVERNMENT LEASE AND SHOULD BE ELIMINATED.

9. RE PARA 1, ND 5190, LANGUAGE RE GROUND RENT ENHANCEMENT LIMITED OFFICIAL USE
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ACCEPTABLE UNDER CIRCUMSTANCES PROVIDED THAT LANGUAGE SHOULD BE UNDERSTOOD IN NEGOTIATION TO REFER TO APPLICABLE GROUND RENT ASSESSMENT ON FAVORABLE RATE BASIS COMPARABLE TO THAT NOW APPLIED TO PRESENT LEASE.

10. ND 5191, PARA 3 REFTEL: WE WOULD AGREE INCLUSION PHRASE AS FOLLOWS: " FACILITIES FOR PERSONNEL SUPPORT" ASSUMING PURPOSE THAT LANGUAGE IS TO COVER INFORMAL PRIVILEGES FOR STAFF OTHER THAN SPECIFIC EXEMPTION FROM TAX, SUCH AS COMMISSARY, ETC. PRIOR NEGOTIATION HISTORY THIS AGREEMENT INDICATES OUR CLEAR REJECTION INCLUSION

TERM " FACILITIES" WHEN PREVIOUSLY PROPOSED BY GOI RELATED TO LAND OR BUILDINGS IN VIEW OF FACT THAT UNLIKE GOI, USG HAS NO REPEAT NO PROPERTIES OWNED OR AVAILABLE TO IT IN WASHINGTON FOR SALE OR LEASE TO FOREIGN GOVERNMENTS FOR MISSION SUPPORT FACILITIES. USG HAS AVAILABLE UNDEVELOPED LAND IN ONE AREA WASHINGTON FOR CHANCERY DEVELOPMENT WHICH COULD INCLUDE MISSION SUPPORT FACILITIES BUT BY FEDERAL STATUTE IS ESSENTIALLY LIMITED TO BASIC CHANCERY PURPOSES AT THIS TIME- WE WOULD NOT WISH TO BE IN POSITION THEREFORE, IF SUBSEQUENT REQUEST IN FACT IS MADE BY GOI CONCERNING ESTABLISHMENT OF COMPARABLE FACILITY IN WASHINGTON OF USG EITHER PROVIDING PROPERTY FOR THAT PURPOSE OR FAILING THAT THEN ALLOWING GOI TO ARGUE THAT WE HAVE BREACHED AGREEMENT. IN EVENT USG SHOULD IN FUTURE ACQUIRE RIGHTS TO PROPERTY IN WASHINGTON WHICH CAN LEGALLY BE MADE

AVAILABLE FOR THIS PURPOSE, WE WOULD THEN HAVE NO OBJECTION TO SUBSEQUENT UNDERSTANDING ON THIS POINT.

11. IN SUMMATION, WE CONSIDER RESOLUTION PROBLEMS RAISED IN PARAS 2 AND 4 ABOVE AS BEING CRUCIAL. IF THEY CAN BE DELETED FINE, BUT IF REDRAFTED WE MUST REVIEW DRAFT BEFORE APPROVING. WE ALSO CONSIDER RESOLUTION OF PROBLEMS DISCUSSED IN PARAS 3, 8, AND 10, AS ESSENTIAL TO EARLY AGREEMENT. TO THIS END EMBASSY GRANTED AUTHORITY TO CONCLUDE AGREEMENT IF REFERENCE TO TAXES (PARA 2) AND REFERENCE TO TERMINATION WITHOUT COMPENSATION FOR BUILDINGS AND STRUCTURES (PARA 4) ARE DELETED AND IF POINTS DISCUSSED IN PARAS 3, 8, AND 10 ARE ACCEPTED BY GOI. OTHER MATTERS SET FORTH IN THIS MESSAGE ARE
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CONSIDERED VERY IMPORTANT AND SHOULD BE PRESSED INsofar AS POSSIBLE, ESPECIALLY PARAS 5 AND 6, SINCE IN OUR VIEW GOI RELUCTANCE ON THOSE ISSUES AT BEST MAY INDICATE DOUBT AS TO SECURITY WE ARE BUYING WITH THIS AGREEMENT AND GOI INTENTIONS THEREUNDER. THESE LATTER POINTS ARE IMPORTANT BUT ARE NOT ESSENTIAL TO AUTHORITY GIVEN FOR EMBASSY TO PROCEED. ROGERS

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